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24 AUG 1981

MEMORANDUM FOR: Director of Data Processing
Director of Security
Director of Communications
Director of SIGINT Operations
Chief, Logistics & Procurement Law Division, OGC

FROM: James H. McDonald
Director of Logistics

SUBJECT: Procurement of ADPE of Foreign Manufacture

1. This memorandum includes in paragraph 4 a specific request for action and involvement by your office.

2. The Office of Data Processing, in a 21 April 1981 memorandum from the Chief of its Management Staff to the Chief of Procurement Division, OL, proposed that the following procurement policy be established:

"It is the policy of the Office of Data Processing that automatic data processing equipment which is substantially of foreign manufacture will not be procured for use in Office of Data Processing computer networks."

The above policy proposal was based on concerns that equipment could be altered for surveillance or disruptive purposes during manufacture; the possible embargo of spares, upgrades, engineering changes, servicing and follow-on technology; alteration of equipment for surveillance or disruptive purposes during servicing; difficulty in accessing engineering/manufacturing personnel; and, finally, the undesirable necessity of having to utilize foreign nationals for maintenance of hardware/software. The concerns expressed by ONP are supported in a June 1981 memorandum from [redacted] Chief of the Office of Security's Information Systems Security Group. STAT

3. The need for stringent security with regard to the Agency's automated systems is paramount; however, there are a number of concerns which must be resolved before we implement the proposed policy. These include such matters as excluding any number of suppliers from competition for Agency business, cutting ourselves off from advances in technology by foreign manufacture, noncompliance with the Brooks Bill which is the "bible" for management of ADPE acquisition in Federal Government, what apparatus is necessary within CIA to manage such a policy, what additional requirements should be placed on domestic suppliers to make certain that the kind of intrusion we are

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SUBJECT: Procurement of ADPE of Foreign Manufacture

protecting against from foreign suppliers does not occur by infiltration of domestic supplier ranks, etc. To fully identify the threat, work out the various problems, develop an Agency Headquarters Regulation, and establish an Agency organization for implementing the new policy, I believe that a task force should be established. Representatives of the addressee components are considered to have significant interest in this matter. The urgency of getting on with this effort is critical, as several large ADPE procurements are scheduled to occur during the next several months.

4. It is requested that addressees designate an officer from their respective components to serve on a task force to consider the entire problem of procurement of ADPE of foreign manufacture. Their goal will be to recommend an Agency policy to me, draft a Headquarters Regulation, identify any necessary actions with outside parties, such as Congressional Oversight, National Security Council, notice in the Federal Register, etc., and recommend organizational changes necessary to implement the provisions of the Headquarters Regulation. The name of your designee is requested by 28 August 1981. I will ask the task force to attempt to complete its work by 16 October 1981. Because of the importance of this project, I have assigned the Chief of my Procurement Management Staff, [redacted] who will report directly to me in his role as Task Force Chairman. Readers of this memorandum are asked to consider its content as sensitive and for internal use only until such time as the task force has completed its work. Handling of the information on this basis will reduce correspondence, protests, or other communication from outside suppliers that would be disruptive to task force efforts.

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/s/ James H. McDonald
James H. McDonald

Atts

- A - C/MS/ODP memo dtd 21 April 81
- B - ISSG/OS memo dtd 9 June 81

cc: General Counsel
DDA
DDS&T
DDO

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ODP-81-437
21 April 1981

MEMORANDUM FOR: Chief, Procurement Division,
Office of Logistics

FROM : 25X1
Chief, Management Staff, ODP

SUBJECT : Automatic Data Processing Equipment
Procurement Policy 25X1

1. Automatic data processing equipment (ADPE) manufactured in a foreign country is becoming more and more common in the American marketplace and, hence, senior ODP managers are becoming increasingly concerned, for security reasons, about the possible introduction of foreign made ADPE into Central Intelligence Agency facilities. Two primary reasons for these concerns are physical security considerations and the potential requirement for visits to Central Intelligence Agency facilities by representatives of foreign vendors such as manufacturing engineers. New equipment will use technology that will make detection of surveillance devices very difficult and thus increase the possibility of a successful penetration of our security safeguards. When difficult, complex engineering problems are encountered with ADPE manufactured in U. S., it usually is possible and sometimes necessary to bring design engineers to Headquarters to resolve the problems. However, it could not seem prudent to bring design engineers of foreign manufactured equipment into Agency buildings. Our security concerns, then include:

- ° Alteration of equipment for surveillance or disruptive purposes during manufacture.
- ° Embargo of spares, upgrades, engineering changes, or follow-on technology.
- ° Alteration of equipment for surveillance or disruptive purposes during service (including modification of TEMPEST equipment).

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- Difficulty in access to engineering/manufacturing personnel.
- Possibility of having to utilize foreign national engineering/manufacturing specialists for maintenance of hardware/software.

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2. Therefore, for security reasons, and with the concurrence of the Chief, Information Systems Security Group, Office of Security, we propose to establish the following policy regarding the procurement of ADPE for use in Office of Data Processing computing facilities.

"It is the policy of the Office of Data Processing that automatic data processing equipment which is substantially of foreign manufacture will not be procured for use in Office of Data Processing computer networks."

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3. Do you have any suggestions, for procurement reasons, that would strengthen this policy?

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cc: D/ODP
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